

Message Text

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FOR U.S. TEXTILE DEL

FOLLOWING REPEAT BRUSSELS 14076 SENT SECSTATE
INFO GENEVA JUL 18.

QUOTE: UNCLAS BRUSSELS 14076

USEEC

E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJ: TEXTILE IMPORTS FROM TAIWAN, HONG KONG AND KOREA

IN RESPONSE TO A PARLIAMENTARY QUESTION ASKING WHY
IMPORTS INTO THE EEC FROM TAIWAN HAD BEEN HEAVILY DIS-
CRIMINATED AGAINST IN COMPARISON WITH OTHER COUNTRIES,
NOTABLY HONG KONG AND KOREA, COMMISSION OFFICIALS PRO-
VIDED THE FOLLOWING RESPONSE:

BEGIN TEXT:

IN JULY 1977 THE COMMUNITY MADE IT CLEAR TO THE TEXTILES
COMMITTEE OF THE GATT THAT A KEY CONDITION FOR ITS AC-
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CEPTANCE OF A RENEWAL OF THE MULTIFIBER AGREEMENT WAS
THAT IMPORTS INTO THE COMMUNITY OF THE EIGHT MOST
SENSITIVE PRODUCT CATEGORIES SHOULD BE STABILIZED AT
THE 1976 LEVEL. AT THE SAME TIME THE COMMUNITY EXPLAINED
THAT, WITHIN THE STABILIZATION PROGRAM, IT WOULD BE
NECESSARY TO PROVIDE ACCESS FOR NEWLY DEVELOPING COUN-
TRIES WHICH HAD NOT YET GAINED A SHARE OF COMMUNITY

MARKETS. AN INEVITABLE CONSEQUENCE OF THE APPLICATION OF THESE TWO PRINCIPLES WAS THAT THE EXISTING DOMINANT SUPPLIERS OF TEXTILE PRODUCTS TO COMMUNITY MARKETS - HONG KONG, SOUTH KOREA AND TAIWAN - WOULD HAVE TO ACCEPT SOME SACRIFICES.

THE COMMUNITY'S POLICY ON SENSITIVE TEXTILE PRODUCTS WAS PUT INTO PRACTICE DURING THE BILATERAL TEXTILE NEGOTIATIONS WITH INDIVIDUAL SUPPLIER COUNTRIES IN THE AUTUMN OF 1977. THE RESTRAINT LEVELS NEGOTIATED AT THAT TIME ENSURE THAT IMPORTS OF THE PRODUCT CATEGORIES CONCERNED WILL BE RESTRICTED TO CERTAIN GLOBAL CEILINGS DURING THE PERIOD 1978-1982. THESE CEILINGS ARE ABOVE THE 1976 LEVEL OF IMPORTS, AND THERE IS THEREFORE NO QUESTION OF A CUTBACK ON GLOBAL IMPORTS.

THE BILATERAL NEGOTIATIONS WITH HONG KONG AND SOUTH KOREA RESULTED IN A REDUCTION OF QUOTA LEVELS COMPARED WITH 1976 IMPORT PERFORMANCE FOR THE EIGHT MOST SENSITIVE PRODUCT CATEGORIES OF 10 PERCENT AND 11 PERCENT RESPECTIVELY. IN THE CASE OF TAIWAN, THERE WERE NO BILATERAL NEGOTIATIONS. INSTEAD, THE COMMUNITY ADOPTED AN AUTONOMOUS REGULATION WHOSE EFFECT WAS TO REDUCE IMPORTS IN 1978 FOR THE EIGHT MOST SENSITIVE PRODUCT CATEGORIES BY 34 PERCENT (53 PERCENT FOR COTTON CLOTH) COMPARED WITH THE 1976 LEVEL OF IMPORTS FROM TAIWAN.

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THE COMMISSION IS CONSCIOUS THAT, IN THE ABSENCE OF A MUTUALLY AGREED SETTLEMENT BETWEEN THE COMMUNITY AND TAIWAN, THE LATTER COUNTRY DID NOT BENEFIT FROM THE SAME MARGIN OF NEGOTIATING MANEUVER AS DID HONG KONG AND SOUTH KOREA; BOTH OF THESE COUNTRIES IMPROVED THEIR POSITION CONSIDERABLY FROM THE COMMUNITY'S FIRST OFFER DURING THE COURSE OF THE NEGOTIATIONS. FOR THIS REASON, AMONGST OTHERS, THE AUTONOMOUS REGULATION FOR TAIWAN HAS A PROVISIONAL CHARACTER, AND THE COMMISSION WILL SHORTLY SUBMIT A PROPOSAL FOR A NEW REGULATION TO THE COUNCIL.

END TEXT. HINTON UNQUOTE VANCE

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